

FISCAL NOTE

HB 265 - SB 351

March 20, 2005

SUMMARY OF BILL: Authorizes local governments to sell general obligation bonds at a private negotiated sale. Specifies that a written request for proposal would have to be sent to a minimum of five qualified underwriters and a minimum of three must be received by the RFP deadline. Restricts firms that have served as financial advisors to local governments on a debt issue from participating in the underwriting of such issue. Requires certain entities serving as financial advisor, underwriter or loan agent to disclose all fees and costs associated with general obligation debt.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Exceeds \$100,000/Permissive

Assumptions:

- The provisions of the bill are intended to amend T.C.A. 9-21-203 rather than T.C.A. 9-21-302 which deals with revenue bonds rather than general obligation bonds. The impact has been prepared as though T.C.A. 9-21-203 were being amended.
- On average, the sale of general obligation bonds through negotiated sale rather than competitive sale will result in an increase in cost of approximately 33 basis points.
- There will be an increased cost to local governments to hire additional, specialized staff to conduct these types of transactions.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director